

**LSEG**Principles for
Responsible
Investment**Sustainable
Stock Exchanges
Initiative**World Business
Council
for Sustainable
Development

Call to Action: ISSB Global Adoption

The transition to a net zero, sustainable global economy requires an efficient allocation of capital, and effective management of the associated risks and opportunities. In this context, consistent, reliable and decision-useful sustainability data from organisations is essential. With this data:

- Corporate boards can better exercise their oversight responsibilities on how sustainability-related risks and opportunities should be addressed in corporate strategy.
- Corporates can more clearly demonstrate their performance to investors and in turn gain greater access to capital to accelerate progress on their sustainability targets.
- The financial industry can allocate capital efficiently, accounting for sustainability-related financial risks and opportunities, and address sustainability goals.
- Governments and international organisations can deploy the power of capital markets more effectively to achieve their sustainability priorities and track sustainability-related progress from the private sector.

Yet, as it stands, there remain significant gaps in even the most basic sustainability-related data. For example, 2022 research shows that, of the 4,000 largest listed companies globally, over 40% do not disclose their operational carbon emissions.¹

Policymakers have an essential role to play in addressing this challenge, through the introduction of requirements on the disclosure of key sustainability-related information. The International Sustainability Standards Board's (ISSB) standards that establish a global baseline of sustainability information for capital markets provide a unique opportunity to bring about global alignment in this area – promoting availability of consistent data across investment portfolios – and support effective economic and investment decisions.

Our Call to Action: We call for commitment from relevant authorities across jurisdictions to adopt the ISSB standards – IFRS S1 and IFRS S2 – on an economy-wide basis by 2025.

Both of the ISSB's standards are based on the framework established by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and other well-established voluntary sustainability reporting initiatives. They have now been endorsed by the International Organization of Securities Commissions (IOSCO).² Therefore, ensuring disclosure frameworks use or incorporate these new standards to deliver the ISSB's global baseline is a natural next step to build on existing progress and prompt companies to report material information on climate and other sustainability-related risks and opportunities.

Doing so will bring significant benefits to economies. Providing consistent sustainability information will help companies attract international capital, as the financial sector increasingly integrates sustainability into investment and financing strategies. For the many companies that operate across

¹ FTSE Russell (an LSEG business) found that of the 4,000 large and mid-size constituents in the FTSE All World index, 58% disclose both Scope 1 and 2 carbon emissions. Source – [Mind the gaps: Clarifying corporate carbon \(2022\)](#).

² IOSCO's [endorsement](#) recommends that its member jurisdictions consider ways in which they might adopt, apply or otherwise be informed by the standards.

multiple jurisdictions, having consistent disclosure standards internationally will reduce their overall reporting burden. In line with our Call to Action, we recommend the following principles are considered when developing disclosure requirements:

- **International coordination:** The ISSB's work brings together existing standards bodies and approaches, addressing fragmentation in sustainability reporting. It provides a baseline which jurisdictions can adopt and, where necessary, build on by including more country- or region-specific elements. The ISSB has also worked with jurisdictions and others to ensure interoperability with other reporting requirements. Importantly, the ISSB's climate standard includes requirements on transition plans and corporate decarbonisation strategies. This is an area of growing international focus because transition plans support the financial industry globally to make informed capital allocation decisions, which add credibility to their commitments to align financing and investment activities to net zero.
- **Economy-wide scope:** It is important that disclosure rules apply to publicly listed and privately held companies given the equal need for sustainability-related information across both. We acknowledge this will require capacity building among preparers, users and auditors of sustainability reporting. In addition, there is a need to manage the reporting burdens on companies – so disclosure rules must be proportionate based on companies' size rather than how they raise capital and may be phased in, beginning with the largest firms. This approach will promote transparency across the whole economy, and in turn help to accelerate decarbonisation.
- **Timely implementation:** Investors have been calling for standardised globally consistent corporate sustainability data for over a decade. There is an urgent need for this data to enable capital markets to act in a more efficient and effective manner to account for sustainability priorities. The world is already falling behind in achieving the Paris Goals³ and other sustainability objectives, and policymakers need to act now to remove these barriers to market action. Committing to adopt these rules by 2025 is therefore essential.

This statement is endorsed by:

Abax Investments

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Amber Capital

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³ As shown in the conclusions of the United Nations Framework Convention on Climate Change (UNFCC) [Global Stocktake](#).

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